United Nations A/66/676

General Assembly

Distr.: General
31 January 2012

Original: English

Sixty-sixth session
Agenda item 134
Programme budget for the biennium 2012-2013

Proposals for a more effective and efficient utilization of resources for air travel

Report of the Secretary-General

Summary

The present report is submitted in accordance with section IV of General Assembly resolution 65/268 on standards of accommodation for air travel, in which the Assembly requested the Secretary-General to report to it at the first part of its resumed sixty-sixth session on the implementation of the resolution, including the measures set out in the annex to the resolution and on practical steps taken to enhance the effective and efficient utilization of resources for air travel in the United Nations. In the report, the Secretary-General provides information on measures for the effective and efficient utilization of resources for air travel in the United Nations.

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I. Introduction

1. United Nations standards of accommodation for air travel are governed by a series of General Assembly resolutions and decisions, including resolutions 42/214, 45/248 A, 53/214[1] and 65/268 and decisions 40/555, 44/442, 46/450 and 57/589. Circumstances and conditions under which the United Nations shall pay travel expenses to staff members are also set out in chapter VII of the Staff Regulations of the United Nations and provisional Staff Rules, issued on 21 October 2009 (ST/SGB/2009/7).

2. The present report deals with issues related to provisions that govern the travel of officials of the United Nations. Section II provides recommended reform measures related to the standards of accommodation for air travel of officials of the United Nations. Section III relates to coordination on air travel matters across the United Nations system, section IV to the use of frequent flyer miles for official travel, section V to tracking of costs associated with commercial air travel in the Secretariat, section VI to the implementation of the travel module of the enterprise resource planning project, Umoja, and section VII to the delegation of authority to grant exceptions to the standard of accommodation for air travel. A summary of the recommendations of the Secretary-General is provided in section VIII.

II. Recommendations for steps to enhance effective and efficient utilization of resources for air travel in the United Nations

3. In paragraph 2 (e) of the annex to resolution 65/268, the General Assembly requested the Secretary-General to update the administrative instruction on official travel (ST/AI/2006/4 and Amend.1 and 2), taking into account, inter alia, the relevant resolutions of the General Assembly and recent developments in air travel, such as new products introduced by air carriers and new classes of air travel, and to include provisions instructing staff (a) to collect and, where possible, use frequent flyer miles to fund official travel; (b) to not use frequent flyer miles accrued as a result of official travel for personal travel; and (c) where possible, to purchase tickets at least two weeks in advance of travel.

4. The Secretary-General proposes to the General Assembly for its consideration the reform measures set out below. The measures would assist in enhancing the effective and efficient utilization of resources for air travel in the Secretariat through simple but significant reform initiatives that would have minimal impact on the overall benefits and entitlements of staff.

Use of frequent flyer miles

5. The Secretary-General recommends the inclusion of a provision in the administrative instruction on official travel that would instruct all staff of the United Nations not to use, for personal travel, any frequent flyer miles gained as a result of conducting official business on behalf of the Organization. Further, all officials of

[1] In resolution 53/214, sect. IV, para. 14, the General Assembly decided that the President of the Assembly should have full authority to use the funds provided by the budget for the Office of the President, including travel.

the United Nations would be encouraged to use the frequent flyer miles gained as a result of conducting official business on behalf of the Organization for official travel, where feasible. In section IV of the present report, the feasibility of a formal programme for using frequent flyer miles for official travel is reviewed.

Advance purchasing of tickets

6. As regards the issue of the United Nations purchasing tickets for official travel at least two weeks in advance of travel, all heads of offices and departments have been instructed to ensure that travel arrangements are finalized 16 days in advance of commencement of travel.

Online booking

7. The Secretariat has taken steps to incorporate the possibility of online booking into its travel processes. To this end, a consultant conducted a review of all travel booked and issued at Headquarters and examined the possibility of making reservations for these itineraries using an online system. The requirement for an online booking tool was included in the scope of the current travel agency contract, and a phased implementation of online booking is scheduled starting in April 2012. It should be noted that only a portion of United Nations itineraries lend themselves to online booking, while a majority will still require manual booking and intervention by qualified agents. The possibility of online booking has also been incorporated in the workflows of the travel module of Umoja.

Standard of accommodation for air travel

8. When travel is authorized for individuals who are not staff members, such as consultants, individual contractors or members of committees, the standard of accommodation for air travel is currently based on the standards established for staff members. It is recommended that travel at the class immediately below first class for flights exceeding a duration of nine hours be maintained for staff members and members of committees and panels.[2] All other travellers, including consultants and individual contractors, would be required to travel in economy class, unless determined otherwise by the Secretary-General taking into account the circumstances of the traveller (i.e., health reasons and the interests of the Organization).

System of the daily subsistence allowance

9. A daily subsistence allowance is currently payable to officials of the United Nations, even while in flight, from the first night of departure from the place of residence or duty station to the last night at the location of official business. As no financial expenses are incurred by these officials while in flight, it is recommended to discontinue the payment of in-flight daily subsistence allowance to individuals authorized to travel on official business on behalf of the United Nations. A daily subsistence allowance will be paid from the first day officials arrive at a location to the last night they spend at that particular location of official business, unless it can

[2] The special rules governing payment of travel expenses and subsistence allowances in respect of members of organs and subsidiary organs of the United Nations are contained in ST/SGB/107/Rev.6 of 25 March 1991.

be supported with documentary evidence (hotel bills) that expenses were incurred for early check-in or late check-out.

10. Members of organs or subsidiary organs serving in their personal capacity and, in specific instances when representing their Governments, are sometimes entitled to receive travel and subsistence expenses. While attending meetings away from their normal place of residence or duty station, a daily subsistence allowance is payable at rates equivalent to the standard travel subsistence allowance rates for officials of the Secretariat, plus 40 per cent. These rates are not subject to reduction after 30 or 60 days.

Authorization for official travel

11. The current travel policy does not emphasize the use of alternatives to air travel. It is recommended to include in the revised administrative instruction on official travel a provision that requires programme managers to certify that due consideration was given to achieving the purpose of the particular travel through alternate methods, such as telephone conferencing, videoconferencing or webcasting, before approving any official travel.

Mode, date and standard of accommodation

12. The current travel policy does not take into account environmental factors when determining the mode of travel, even in situations where there may be alternative modes of transportation that may provide lower greenhouse gas emissions while achieving the intended objectives of the travel. While the normal mode of official travel shall remain air travel, it is recommended to include in the update to the administrative instructions on official travel, a provision that encourages other modes of transportation that may be beneficial to the environment but do not increase the cost of travel.

13. The current travel policy provides that the normal route for all official travel shall be through the most direct and economical route. This particular provision fails to take advantage of alliances and interconnections between different airlines. When administering air travel, priority consideration is given to the most direct route, which might not necessarily produce the least costly fare for a particular journey. In this regard the General Assembly is invited to consider the elimination of the term "most direct" and to authorize the Secretary-General to administer official business travel using alternative routing, including connecting rather than non-stop service, when substantial savings can be incurred, provided that the total time for scheduled stops for change of planes or other purposes does not exceed four hours.

14. It is recommended that when official travel is combined with home leave or family visit travel, the standard of accommodation for travel by air for the entire journey, including the official business travel, would be the standard of accommodation for air travel on home leave or family visit travel at the least costly airfare irrespective of the duration of the particular journey.

15. The determination of the standard of accommodation for a journey is currently determined on the basis of the combined flying time of all legs of the journey to a given destination, provided the journey is not interrupted for official stops of more than one day. It is recommended that the standard of accommodation for air travel for each journey be determined independently and on the basis of the flying time of

each leg individually, unless travel is resumed or continued on the same day to the final destination.

16. Under the current rules, up to four hours for connections between flights is included in the overall flying time of a particular journey when determining the standard of accommodation for air travel. The Secretary-General recommends that the General Assembly consider reducing the maximum connecting time to be considered in the computation of the total journey time from four hours to two hours.

17. As a cost saving measure, it is recommended that economy class be established as the standard of accommodation for air travel for all officials whose travel is associated with attendance in learning and development activities.[3] Officials who travel as instructors, or as part of their respective official duties, will travel on a standard of accommodation that is based on the normal determination of the standard of accommodation.

18. The Organization's official travel policy currently does not provide for the standard of accommodation for air travel for escorts accompanying evacuees. It is recommended that economy class be established as the standard of travel accommodation for escorts so that they may sit in the same cabin as the evacuees they accompany.

19. In order to utilize new products introduced by airlines, the revised administrative instruction will encourage a voluntary downgrade policy from business to premium economy or regular economy class, rather than restricting the entitlement to the lowest economy fare. It is recommended that the Organization consider covering charges for premium economy when the staff member has opted for a voluntary downgrade from a higher class of service.

Travel time other than on home leave and family visit

20. On the issue of travel time other than on home leave or family visit, the General Assembly is requested to consider limiting the granting of rest periods (upon arrival at a given destination) to economy class travel when the journey is more than 6 hours. In such cases, officials of the United Nations would not normally be required to commence duty within 12 hours of arriving at the destination. The above limitation is based on the fact that officials travelling at the class immediately below first class are provided with a certain level of comfort that should allow them to report on duty within a reasonable time (four hours) upon arriving at a given destination.

21. Given the speed of modern aircraft, the elimination of intermediate rest stops should be considered. This would result in savings by alleviating the need for the daily subsistence allowance that such rest stopovers generate.

Travel time on home leave or family visit

22. The current policy grants travel time on all home leave or family visit travel. It is recommended to limit the approved travel time to staff members who receive an air ticket from the Organization. For travel exercised through the lump-sum option,

[3] See ST/SGB/2009/9, section 1.1, for the definition of learning and development.

no travel time should be granted, as this option is normally utilized in lieu of all entitlements related to the particular travel.

23. In addition, given the speed of modern aircraft, it is recommended that the General Assembly consider reducing the travel time granted (days not chargeable to annual leave) for both the outward and the return journey on home leave or family visit. Travel time would be granted on the basis of the actual travel calendar days, based on the authorized route.

Lump sum

24. There is a need to align the terminology of the administrative instruction on official travel with airline industry terminology in the section of the instruction that deals with determining the amount to be paid to staff who opt for the lump-sum payment. The General Assembly is invited to consider replacing the words "75 per cent of the full economy-class fare" to "75 per cent of the least restrictive economy-class fare" by the least costly scheduled air carrier.

25. In order for the Organization to benefit administratively from the utilization of the lump-sum option, the approval of the General Assembly is sought to expand the option to travel on initial appointment, transfer and assignment. As in the case of all other travel for which the lump-sum option is provided, travel on initial appointment, transfer and assignment will be based on 75 per cent of the least restrictive economy-class fare by the least costly scheduled air carrier.

III. Coordination on air travel matters across the United Nations system

26. The General Assembly, in the annex to its resolution 65/268, requested the Secretary-General to promote greater coordination across the United Nations system on air travel matters, including by leveraging the experiences of existing bodies, such as the Inter-Agency Travel Network (IATN) and to continue to explore alternate arrangements for the procurement of air travel utilizing the collective purchasing power of the United Nations.

27. In response, IATN again explored the possibility of establishing global airline agreements within the United Nations system. At its most recent meeting, in October 2011, IATN invited representatives of a major airline alliance to discuss requirements for global airline agreements covering all its organizations, funds, programmes and agencies.

28. In addition, individual organizations have been in contact with airlines and alliances on the issue of global agreements for their worldwide operations. This effort followed up on previous efforts by IATN and three major alliances in 2003 to introduce global airline agreements to the United Nations system.

29. The result in 2003 had been a global agreement with one of the dominant international air carriers which included discounts of 10 to 15 per cent on published airfares. Tickets had to be booked through the airline's telephone or online agents or a limited number of travel agencies, using a personal or corporate credit card. However, after two years, despite significant efforts by the organizations, as well as the airline to publicize the agreement, only 10 tickets were issued.

30. This limited response reflected the fact that, although the negotiated discount of 10 to 15 per cent on published airfares benchmarked well against other global airline agreements by corporate entities, it was not competitive in the United Nations market, where local agreements normally arrive at discounts that range between 10 to 50 per cent.

31. It also reflects the fact that many United Nations organizations conduct spot buying in many markets, resulting in cheaper non-published airfares than those available through global airline distribution systems.

32. During the IATN meeting held in Rome in October 2011, one of the leading airline alliances stressed the need for the following to be in place prior to entering into global airline agreements:

- A single point negotiator/global decision-making
- Global availability of travel data
- A global and consolidated travel agency network
- Specific and enforceable market share requirements
- Minimum revenue guarantees
- Possibility of mandating the use of the contracted carriers on specific routes regardless of the price

33. The IATN found that, while the first two requirements could be met (i.e., a single point negotiator/global decision-making and global availability of travel data), the remaining points would not be feasible within the United Nations system.

34. Bearing in mind the experience gained through the previous global deal with a major airline and the requirements set by global alliances for such airline agreements, IATN noted that the current constraints were not conducive to proceeding at this time. For the United Nations Secretariat alone, the infrastructure to administer such global deals would not be in place until the implementation of a consolidated internal administrative system (i.e., Umoja) at the earliest.

35. However, the United Nations organizations have been highly successful in negotiating extremely competitive airline agreements in regional markets by consolidating the volume of ticket purchases of the United Nations funds and programmes operating in the same area. All United Nations system organizations located in New York negotiate airline agreements together, using the collective purchasing power of the United Nations Secretariat, the United Nations Development Programme, the United Nations Children's Fund, the United Nations Population Fund and other smaller organizations. Discounts achieved range from 10 to over 50 per cent of regular published airfares and average at 29 per cent. They are considered best in class in many markets.

36. Bearing in mind that travel by organizations based in New York covers 6,600 city pairs per year, discount agreements with over 35 carriers in New York guarantee the widest possible discount coverage for the diverse travel patterns. Discounts negotiated on behalf of the organizations based in New York have also been made available to organizations outside of New York for their travel originating in the United States of America, including the World Health Organization (WHO). All travel initiated by WHO in Geneva and originating in North America is included in

the New York negotiated discounts, creating, in fact, a global discount for this purpose.

37. Similarly, in Geneva, the International Organizations Joint Airline Negotiations Group has achieved highly successful discounts in a market that lacks strong competition. As a result of the combination of the travel expenditure of 12 international organizations in Geneva, the Group negotiated agreements with 30 airlines and alliances for discounts between 15 and 45 per cent. Since up to 50 per cent of the Geneva-based travel originates abroad, the Group ensured that an increased number of discounts were valid for travel from and to Geneva as well as for other point-to-point routes. This again created quasi-global agreements allowing Geneva-based funds, programmes and specialized agencies to utilize the negotiated reduced airfares for their travellers originating in many locations away from their home base.

38. Another effort geared towards using the global purchasing power of the United Nations has been the interchangeable use of discounts and agents in New York and Geneva. In order to expand operating hours in Geneva through midnight, the International Organizations Joint Airline Negotiation Group finances travel agent capacity at Headquarters, which supports travel operations in Geneva. The agents are able to utilize airline discounts negotiated in New York for travel originating in North America or Geneva, ensuring that the highest-level discounts are applied to all travel.

39. The United Nations organizations are exploring possibilities to expand the cross-use of negotiated airline discount agreements between organizations and are working within the context of IATN to find administrative mechanisms to further improve this practice. The introduction of the travel module of Umoja, combined with the availability of e-tickets, will allow the United Nations organizations access to book travel at those duty stations offering the lowest cost for specific itineraries.

40. The United Nations organizations have been exploring possibilities to ensure that the lowest airfares are available in spite of their relatively diverse and decentralized decision-making and budgetary authority. Currently, global airline agreements that could be negotiated would not improve on agreements already in place. In fact, if a lower-level global discount were adopted, it might reduce the willingness of carriers to give steep local discounts.

IV. Use of frequent flyer miles for official travel

41. The Secretary-General was requested in paragraphs 2 (e) and (f) of the annex to resolution 65/268 to include provisions in the administrative instruction on official travel instructing staff to collect and, where possible, use frequent flyer miles to fund official travel and to continue exploring the use of frequent flyer miles accumulated by staff members from official travel to purchase and upgrade tickets where appropriate.

42. In response to this request, the Secretary-General sought the assistance of one of the most respected independent consultants in the travel industry to conduct a comprehensive review of the potential application of frequent flyer miles for official travel within the United Nations travel programme. As a first step, the consultant benchmarked the policies of relevant comparators, namely: (a) the World Bank and

the International Monetary Fund (IMF); (b) select Governments and Member States; and (c) private sector corporations.

43. Airlines were also surveyed on their perspective, and the impact of the use of frequent flyer miles on United Nations travel patterns and the ratio of travel by staff versus non-staff were reviewed. The consultant estimated potential savings offered by the only company specializing in tracking accrual of business frequent flyer miles and applying miles to official travel (frequent flyer miles company). The assessment of the travel agencies contracted by the United Nations at Headquarters and in Geneva of the impact of applying the company's process on travel operations and costs was also included in the review.

Benchmarks

International Monetary Fund and World Bank

44. The consultant conducted a review of the previous efforts and analysis of frequent flyer miles concluded by IMF and the World Bank. Both organizations have similar international travel patterns, covering complex itineraries, to those of the United Nations. For more than a decade, IMF and the World Bank had independently considered stripping out frequent flyer miles in order to negotiate better carrier discounts. Owing to the complexities of obtaining frequent flyer miles tickets, it was decided not to capture frequent flyer miles in their travel programmes. Both organizations recognized that it would be administratively difficult and not cost effective.

Select Member States

45. The Government of the United States implemented a policy of retaining miles earned on official travel in 1994, but discontinued it in 2001. In a letter to the United States House of Representatives Committee on Government Reform dated 24 May 2001 summarizing findings from an internal review, the Government Accounting Office recommended that the Government allow employees to keep their frequent flyer miles owing to:

(a) Difficulties in tracking and applying frequent flyer miles given the airline position that frequent flyer miles belong to the individual traveller and privacy issues surrounding access to information on mileage accrual;

(b) Practical difficulties in administering the programme and limited availability of frequent flyer miles flight inventory. Government agencies that the Government Accounting Office surveyed indicated that frequent flyer miles were often unused due to lack of availability;

(c) Risk of a negative impact on $2 billion in negotiated airline discounts if the Government enforced its policies more rigorously.

46. The consultant obtained information from representatives of two other Member States about their Governments' policies requiring the use of frequent flyer miles, as follows:

(a) Most programmes are based on the honour system, and individuals report mileage they earn to an in-house department responsible for tracking and applying

frequent flyer miles. The consultant could not confirm how much administrative effort was involved;

(b) Frequent flyer miles are used to upgrade economy tickets to business class, as free frequent flyer miles tickets are generally not available;

(c) Some interviewed Member States acknowledged that most of their official travel is on a single airline, which increases the ratio of itineraries eligible for use of frequent flyer miles.

Private sector

47. There are no large private sector companies which require business use of frequent flyer miles globally. In the 1980s and 1990s, many corporations investigated the possibility of asserting rights to frequent flyer miles earned on business travel, but few implemented such a policy. In 1996 only 4 per cent of respondents to the American Express business travel survey claimed miles and in 1998 fewer than 1 per cent. The question was then dropped from the survey.

48. The United Nations belongs to benchmarking groups which include ABB, Boeing, Dell, Dow Chemical, Honeywell, Johnson & Johnson, Merck, Philips, Reed Elsevier, Rio Tinto, Siemens, the Coca-Cola Company, United Technologies Corporation and the World Bank. None of these benchmarking partners has elected to attempt to capture frequent flyer miles for business use.

49. The frequent flyer miles company (see para. 43 above) lost its largest client in 2001, when the Government of the United States revised its policy. The company was reluctant to provide client references and the study was unable to confirm the extent of their experience outside the United States.

50. Walmart worked with the company from 1994 until 2006. Walmart discontinued its frequent flyer miles programme in order to improve morale and compensate employees for the personal time spent on the road. Walmart indicated that the programme yielded savings of approximately 3.75 per cent of their travel volume. However, it was not able to provide a net savings rate that included the cost of additional internal staff to administer the programme. The travel manager noted that it might be more difficult to use miles today than when they had the programme because airlines have reduced capacity and frequent flyer flight inventory carries restrictions and can be difficult to obtain.

Airline perspective

51. Airlines employ a two-pronged approach to increasing their market share. They provide organizations with an incentive in the form of negotiated discounts and promote individual traveller loyalty with frequent flyer miles and elite status perks.

52. The consultant was unable to obtain a firm position from most United Nations-preferred airlines based on hypothetical questions about the impact of a change in policy that required the use of frequent flyer miles for official travel. British Airways was the least ambiguous, stating that their conditions do not allow anyone other than the individual traveller to determine how frequent flyer miles will be used. One alliance initially agreed to explore exchanging frequent flyer miles for carbon offsets, but later declined to pursue the issue.

53. Based on the following survey results and the experiences of benchmark comparators, the consultant concluded that airlines would be reluctant to support a programme in which an organization requires travellers to use frequent flyer miles for official travel:

(a) Airlines have reduced capacity in almost all markets in order to increase profitability. As a result of higher load factors on their flights, fewer seats are available for frequent flyer miles bookings. Frequent flyer miles seats are only available on flights that are not expected to sell out at published rates;

(b) Airlines have no incentive to cooperate in a policy which will undermine the basic goals of their frequent flyer miles programmes;

(c) Airlines maintain that the individual traveller owns his or her frequent flyer miles, regardless of who purchases the ticket. Any use by the organization would require consent from the individual;

(d) Airlines will not disclose data on mileage accrual to the organization, as this would violate data privacy laws;

(e) An organization may avoid data privacy issues by establishing a separate frequent flyer miles account in a traveller's name to accrue frequent flyer miles on official travel. However, airlines are unwilling to link the two accounts so that mileage in both can be credited towards elite status. Individuals would therefore have more difficulty achieving the productivity benefits of elite status, as well as the cost savings of avoiding excess luggage charges through elite perquisites. It should be noted that United Nations travellers participating in some frequent flyer miles programmes avoid additional baggage charge costs due to participation in frequent flyer miles programmes;

(f) Many miles are never redeemed, so airlines get the advantage of "breakage".

Potential impact of implementing a frequent flyer miles collection programme at the United Nations

Policy

54. The current United Nations policy allows business class for travel of over nine hours for all staff, while higher ranking officials may fly business class on all flights. Total air cost is authorized based on the lowest fare to the mission destinations. Frequent flyer miles loyalty programmes are disallowed from the flight selection criteria.

Travel patterns

55. The study examined travel agency data for United Nations Headquarters in New York and the United Nations Office at Geneva. It found that:

(a) Headquarters spent $54.5 million and the United Nations Office at Geneva $20.3 million on airline tickets for the 12-month period from 1 November 2010 through 31 October 2011;

(b) At least half of the travel from both Headquarters and the United Nations Office at Geneva was for meeting participants, experts and committee members who could not be expected to participate in a mandatory frequent flyer miles programme;

(c) The contracted Headquarters travel agency estimates that there are on average three to five changes per reservation before a ticket is issued.

Potential savings

56. In the context of the study, data on expenditure at Headquarters and the United Nations Office at Geneva were provided to the frequent flyer miles company. The frequent flyer miles company provides preliminary estimates as part of its sales process, and the consultant was able to obtain an estimate of savings without disclosing the United Nations identity. In this connection, it should be noted that it is in the interest of the frequent flyer miles company to make optimistic projections in order to move discussions with a potential new client forward. They do not disclose assumptions or methodology during early, exploratory discussions.

57. The frequent flyer miles company indicated that it would be able to use frequent flyer miles on 3 per cent of United Nations itineraries. This was based on its experience with the Government of the United States prior to 2001 and some former private sector clients.

58. The frequent flyer miles company's estimates have to be reviewed in the light of the following:

(a) United Nations travel expenditure is 95 per cent international. Most of the frequent flyer miles company's clients' travel is primarily domestic travel in the United States;

(b) Airlines have reduced capacity in the last two years and control inventory tightly, particularly during peak travel times. Although these vary by market, free frequent flyer seats and upgrade inventory on international flights to and from the United States from June to August can sell out months in advance. Blackout dates also apply during peak periods. The assumptions made by the frequent flyer miles company about availability of frequent flyer miles inventory or United Nations advance booking patterns were unclear;

(c) The consultant could not confirm the assumptions about the extent to which itineraries change. Based on current United Nations booking patterns, a substantial number of free tickets would not meet the final itinerary requirements and would need to be replaced with paid tickets, reducing savings;

(d) The consultant could not explore the frequent flyer miles company's capabilities to provide service to United Nations locations in countries other than the United States and Switzerland.

59. Consequently, the frequent flyer miles company's savings estimate may need to be reduced based on the following factors:

(a) The United Nations has a substantial number of complex international itineraries involving multiple carriers. Breaking the itinerary into a frequent flyer miles ticket on certain segments of the routing would increase the fare on the portion of the itinerary flown on a non-alliance airline, reducing savings significantly. The frequent flyer miles company's assumptions are based on their

experience with companies whose travel is primarily within the United States and point to point. They do not cite experience with programmes as heavily international and complex as that of the United Nations;

(b) Any frequent flyer miles programme could not apply to non-staff travellers, who account for at least 50 per cent of total expenditure at the United Nations;

(c) If itineraries change an average three to five times, there is a clear risk that frequent flyer miles inventory will not be readily available for United Nations official travel.

Potential cost

60. A significant number of trips would need to be split into portions which are eligible for frequent flyer miles use and portions on non-alliance carriers, which would require breaking a through fare and issuing a separate ticket. The study concludes that the incremental cost of these split tickets would offset approximately 10 per cent of the savings. The frequent flyer miles company's fees are based on retaining 25 per cent of gross savings achieved compared with the lowest fare within the policy on official travel, as calculated by contracted travel agencies.

61. In order to comply with the frequent flyer miles company's requirements, the United Nations contracted agencies would need to add at least two to three additional staff in New York and one or two in Geneva at a rate of $75,000 per person per year. The additional staff are required to deal with additional fare quotes, routing options and additional rate calculations based on itineraries booked in part using frequent flyer miles, with certain non-alliance segments booked at negotiated or published fares.

Financial implications

62. The table below provides a calculation of the financial implications of implementing a programme to use frequent flyer miles for official travel (in United States dollars):

Total air expenditure (New York and Geneva)	73 227 212
Air expenditure by United Nations staff (50 per cent of total)	36 613 606
Frequent flyer miles potential on 3 per cent of trips	1 098 408
Savings reduction for late tickets and changes (47 per cent)	(516 252)
Incremental cost of split tickets (10 per cent)	(109 841)
Frequent flyer miles company fee at 25 per cent of savings	(145 539)
Travel agency incremental cost	(225 000)
Additional United Nations staff (one in New York and one in Geneva)	(170 000)
Total	**(68 224)**

Other factors

63. If the United Nations were to adopt a frequent flyer miles programme, other factors would come into play, as follows:

(a) Changes to the booking and approval process:

(i) The contracted travel agencies would book the lowest negotiated fare within policy, as usual, and programme their systems to forward potential frequent flyer miles itineraries as they are booked and changed to the frequent flyer miles company to review for possible frequent flyer miles savings;

(ii) If there is an opportunity for savings on the same itinerary, the frequent flyer miles company would book the frequent flyer miles inventory and advise the contracted travel agency to cancel the original paid flights;

(iii) If the frequent flyer miles opportunity requires rerouting, the frequent flyer miles company would contact the traveller prior to making any changes;

(iv) The additional frequent flyer miles review would require additional time for the approval process. This could result in higher fares in cases where the airline imposes a ticketing time limit and the frequent flyer miles ticket is ultimately rejected after the time limit for the lower fare has passed;

(b) Risks of travel disruption: frequent flyer miles tickets are highly restricted and availability is limited. When plans change en route, it is unlikely that frequent flyer miles seats would be available on very short notice;

(c) Accounting issues:

(i) The IMIS system would need to be configured to reflect taxes and other fees for frequent flyer miles tickets;

(ii) The frequent flyer miles company fees would not be refundable in the event of a change or cancellation, so these would need to be included in the total trip cost to be reconciled with the travel authorization.

Conclusions and next steps

64. Based on these facts, the review concluded that the Organization could not incur any net savings by introducing a programme that manages frequent flyer miles and applies them to official travel. In fact, as demonstrated in the preliminary review above, such a programme may cause significant additional expenditure.

V. Tracking of costs associated with commercial air travel in the Secretariat

65. In paragraph 2 (a) of the annex to resolution 65/268, the General Assembly requested the Secretary-General to propose a mechanism to allow for the effective tracking of all costs associated with air travel in the Secretariat.

66. Currently, air travel costs are directly recorded in IMIS at United Nations Headquarters, offices away from Headquarters and regional commissions and are captured in sufficient detail. Only a non-material share of the costs is recorded in IMIS using low value payment documents that do not provide a similar level of detail. It is noted however that peacekeeping missions and most of the special political missions use the Sun System application that cannot track the air travel charges in sufficiently detailed categories beyond the object of expenditure.

67. Requirements for the effective tracking of all costs associated with commercial air travel have been fully incorporated in the design of the travel module of Umoja. It is expected that Umoja implementation at Headquarters, offices away from Headquarters, regional commissions, peacekeeping missions and special political missions will enable adequate tracking and classification of all air travel charges.

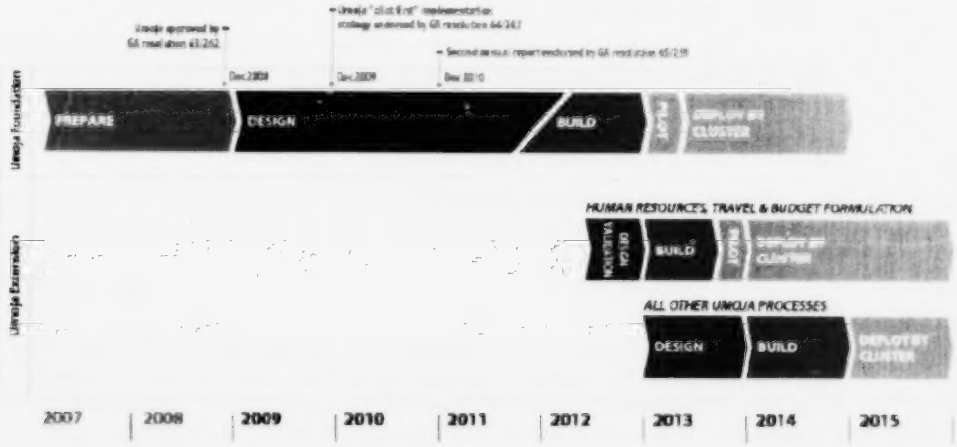
VI. Implementation of the Umoja travel module

68. As described in the third progress report of the Secretary-General on the enterprise resource planning project, Umoja (A/66/381), the Umoja project reached a critical point in 2011 as it transitioned from the design phase to the build phase. Full deployment of Umoja is now projected for the end of 2015, instead of 2013 as initially planned. The delay necessitated a recalibration of the project's timeline, and the Umoja Steering Committee approved a revised implementation plan. In order to accelerate progress and mitigate the effects of the delay, Umoja will now be deployed in phases. However, the phased approach will have an impact on the deployment schedule of the Umoja travel module.

69. The first phase, referred to as Umoja Foundation, includes processes in finance, procurement, assets, inventory and property management, and some programme and project management. Umoja Foundation will lay the system's core building blocks and support the Organization's adoption of the International Public Sector Accounting Standards (IPSAS).

70. The second phase, referred to as Umoja Extension, will complete implementation of the project's full scope, including travel, human resources, budget, force planning, demand planning, logistics execution, conference and event management, full grants management and commercial activities.

71. The most critical aspects of Umoja Extension will be deployed in 2014. This includes the complete travel module, comprising travel request, travel plan and travel expenses. Existing systems will continue to be used to support travel management in the Organization until the Umoja travel solution can be deployed. The revised timeline for Umoja is shown in the figure below.



VII. Delegation of authority to grant exceptions to the standard of accommodation for air travel

72. In its resolution 42/214, the General Assembly authorized the Secretary-General to exercise his discretion in making exceptions to allow first-class air travel on a case-by-case basis. This discretionary authority is also exercised by the Secretary-General in accordance with paragraph 4.5 of administrative instruction ST/AI/2006/4 when, in the opinion of the Secretary-General, special circumstances warrant it. Under the administrative instruction, the authority for granting exceptions is delegated to the Office of the Under-Secretary-General for Management. The Under-Secretary-General for Management has further delegated authority to the Director in the Office of the Under-Secretary-General for Management by a letter of delegation. The Under-Secretary-General for Management is informed on a continuous basis on exceptions to the standards of accommodation for air travel that are authorized under the applicable rules.

73. In exercising such authority, the Secretary-General takes into consideration the following circumstances:

(a) A medical condition that may necessitate a certain level of comfort not available to the traveller under the regular entitlement(s). Such cases are referred to the Director of the Medical Services Division for recommendation before the Secretary-General, or whomever he/she delegates, renders a final decision. It should be noted that advanced age alone is not sufficient justification to grant an exception;

(b) The normal standard of accommodation is unavailable and, owing to exigencies relating to the assignment, the traveller is required to travel on a particular date. Consideration is also given when the cost of daily subsistence allowance, while the traveller waits for the next available seat, is greater than the cost of the higher standard of travel;

(c) The traveller is considered an eminent person such as a Head of State or Government;

(d) The traveller is considered to be a prominent international figure in the political, humanitarian, cultural (or other) field and is donating his/her services free of charge to the Organization;

(e) The traveller, after completing a full day's work, is required to travel in order to resume work immediately upon arrival at another location. Where such cases involve arduous journeys, it has been deemed reasonable that the traveller be provided with the best rest possible while travelling, or provided with conditions most conducive to work while flying, or both.

74. Administrative instruction ST/AI/2006/4 was promulgated for the purpose of implementing the various staff rules relating to the standards of accommodation for air travel and its exceptions.

Procedures

75. A request for exception to the standards of accommodation for air travel for each traveller shall be completed and sent to the department's/office's respective Executive Officer, who analyses the merit of the request. If the request meets the requirements, as described above, the Executive Officer completes part 1 of the

form and forwards it to the Office of the Under-Secretary-General for Management, who has been delegated the authority, for consideration and a decision.

76. For requests relating to medical conditions, the forms are first sent by the Executive Officer to the Medical Services Division for recommendation, prior to the Office of the Under-Secretary-General for Management rendering its final decision on behalf of the Secretary-General.

77. Once requests are received by the Office of the Under-Secretary-General for Management, they are analysed on a case-by-case basis by the Policy and Oversight Coordination Service. In analysing the requests, the Service considers multiple factors relating to but not limited to:

(a) Verification of the recommendations of the Medical Services Division for all cases submitted on the basis of medical conditions;

(b) Verification of the non-availability of regular standards of travel for those cases claiming that regular standard is not available and formulation of any benefit/cost analysis that might be required (the trade-off between the additional cost of travel if upgraded and the additional cost of per diem);

(c) Review of the profile or background of the traveller for those requests submitted on the grounds that the traveller is an eminent person or a prominent person donating services. In the latter case, details relating to the type of service being provided may be requested (i.e., delivering a lecture at a United Nations seminar on a non-reimbursable basis);

(d) Review of the specific circumstances, such as the traveller's purpose/reasons, in cases requested on the basis of an arduous journey.

78. Once the analysis is completed, the Policy and Oversight Coordination Service will provide its recommendation, along with the request and relevant documentation, to the Director of the Office of the Under-Secretary-General for Management, who has been delegated the authority to approve these requests on behalf of the Under-Secretary-General for Management. Prior to providing a final decision, the Director of the Office of the Under-Secretary-General for Management will review the recommendation of the Policy and Oversight Coordination Service (and the recommendation of the Medical Services Division, where relevant) and approve (or reject) the request on behalf of the Under-Secretary-General for Management. For all those cases where the request for exception is not clear or straightforward, advice, guidance or clarification should be sought from the Office of the Under-Secretary-General for Management.

79. In summary, under the current process, the layers of review for each individual exception include:

(a) The Executive Office of the requesting department;

(b) The Medical Services Division (as required);

(c) The Policy and Oversight Coordination Service (within the Office of the Under-Secretary-General for Management);

(d) The Director of the Office of the Under-Secretary-General for Management;

(e) The Under-Secretary-General for Management (as required).

80. These layers are in place to ensure the appropriate utilization of the Organization's resources, provide the necessary checks and balances, and ensure an effective and efficient response.[4]

81. It should be noted that utmost restraint is exercised in granting these exceptions, even when a medical condition exists, and the cases of upgrade to first class are extremely limited.[5] In practical terms, the medical officers in the United Nations have been complying with the position paper adopted by all medical directors in the United Nations common system in 2007, in which it is stated that there is no substantive difference between business class and first class in terms of the safety of an individual with a medical condition. However, the possibility of upgrading to first class shall not be completely closed as every medical case has its own circumstances.

Scope

82. As standard practice, the organizational units required to follow the above provisions are those listed in ST/SGB/2002/11.

83. It should be noted that United Nations funds, programmes, research and training institutes and other United Nations entities are only required to submit their requests when the request is for an upgrade to first class.

Reporting requirements

84. In its resolution 42/214 the General Assembly requested the Secretary-General to report annually to the General Assembly on the implementation of the resolution, noting all exceptions made under paragraph 3 of the resolution[6] and the reasons for those exceptions. In its decision 57/589 of June 2003, the Assembly requested the Secretary-General to submit the report on a biennial basis, and in its resolution 63/268, it endorsed the recommendations contained in the report of the Advisory Committee on Administrative and Budgetary Questions (A/63/715), which, inter alia, called for future reports on the matter to contain an analysis of historical trends in the number of exceptions and provide analysis of the trends in the last 10 years along with possible explanations, as appropriate.

85. As the entity responsible for the preparation of the report, the Department of Management requires all organizational units listed in ST/SGB/2002/11 to submit quarterly reports. The reports are compared to the statistics on exceptions granted kept by the Office of the Under-Secretary-General for Management (and their respective costs) to ensure that accurate information/figures are provided to Member States in the biennial reports on travel.

86. Funds, programmes, research and training institutes, and other United Nations entities are also required to submit quarterly reports for those requests approved for first-class upgrade only.

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[4] The maximum amount of time to process any request is 72 hours.

[5] There has only been one case since 2009.

[6] By paragraph 3 of its resolution 42/214 the General Assembly authorized the Secretary-General to exercise his discretion in making exceptions to allow first-class travel on a case-by-case basis.

VIII. Summary of the recommendations of the Secretary-General for consideration by the General Assembly

Frequent flyer miles

87. **The Secretary-General recommends that the administrative instruction on official travel be amended to instruct all staff of the United Nations not to use, for personal travel, any frequent flyer miles gained as a result of conducting official business on behalf of the Organization, and to encourage all officials of the United Nations to use the frequent flyer miles gained as a result of conducting official business on behalf of the Organization for official travel if feasible. Since the introduction of a formal scheme to use frequent flyer miles for official travel has been shown to create additional costs, it is not recommended to implement such a programme.**

Advance purchase of tickets

88. All heads of offices and departments have been instructed to ensure that as of 1 June 2012 all travel arrangements for individuals travelling on behalf of the United Nations are finalized 16 days in advance of commencement of any official travel.

Standards of accommodation for air travel

89. **The Secretary-General recommends the establishment of the standard of accommodation for air travel for consultants and individual contractors as economy class.**

Daily subsistence allowance

90. **The Secretary-General recommends the payment of daily subsistence allowance from the first day an official arrives at a location to the last night the official spends at that particular location of official business, unless additional actual expenditure for lodging (early check in, etc.) can be supported by documentary evidence.**

Authorization for official travel

91. **The Secretary-General recommends an amendment to the administrative instruction on official travel that will require programme managers to certify that due consideration was given to achieving the purpose of travel through alternate methods, such as telephone conferencing, videoconferencing or webcasting before approving any travel.**

Mode, date and standard of accommodation

92. **The Secretary-General recommends the following amendments to the administrative instruction on official travel (ST/AI/2006/4 and Amend.1 and 2) for the General Assembly's endorsement:**

(a) **Introduction of a provision that encourages the use of methods of transportation that may be beneficial to the environment while not increasing the cost of travel;**

(b) **Elimination of the term "most direct" in paragraph 4.2 (e) of the administrative instruction and authorization of the Secretary-General to administer official business travel on the basis of the least costly routing, provided that the total time for scheduled stops for change of planes or other purposes does not exceed four hours;**

(c) **Standards of accommodation for air travel when official business travel is combined with entitlement travel (i.e., home leave or family visit) would be economy class for the entire journey;**

(d) **The standard of accommodation for air travel for each journey would be determined independently and on the basis of the flying time of each leg individually, unless travel is resumed or continued on the same day to the final destination;**

(e) **Reduction of the maximum connecting time to be considered in the computation of the total duration of the journey from four to two hours;**

(f) **Establishment of economy class as the standard of accommodation for air travel for all officials whose travel is associated with attendance in learning and development activities;**

(g) **Establishment of economy class as the standard of accommodation for air travel for escorts who accompany evacuees;**

(h) **Introduction of a provision that encourages voluntary downgrade to premium economy from the class immediately below first class.**

Travel time other than on home leave and family visit

93. **The Secretary-General proposes to the General Assembly for its consideration:**

(a) **Limiting the granting of rest periods upon arrival at a given destination to economy class travel when the journey is more than 6 hours;**

(b) **Elimination of intermediate rest stops while travelling on official business.**

Travel time on home leave or family visit

94. **The Secretary-General recommends to the General Assembly for its consideration:**

(a) **Elimination of the granting of travel time for staff who exercise their respective home leave or family visit travels through the use of the lump-sum option;**

(b) **Reduction in the travel time granted (days not chargeable to annual leave) on both the outward and the return journey on home leave or family visit by limiting it to the actual travel calendar days, based on the authorized route.**

Lump sum

95. **The Secretary-General recommends to the General Assembly for its consideration:**

(a) **A change in terminology from "75 per cent of the full economy-class fare" to "75 per cent of the least restrictive economy-class fare" by the least costly scheduled air carrier, when determining the lump-sum amounts for travel;**

(b) **Expansion of the utilization of the lump-sum option to include travel on initial appointment, transfer and assignment.**